Government of Canada Gouvernement du Canada

Department of Finance Canada

Canada

The Fiscal Monitor
A publication of the Department of Finance

Highlights

February 2015: budgetary surplus of $4.6 billion

There was a budgetary surplus of $4.6 billion in February 2015, down $0.6 billion from the budgetary surplus reported for February 2014. Revenues decreased by $0.6 billion, or 2.2 per cent, reflecting decreases in most tax revenue streams. Program expenses increased by $0.3 billion, or 1.7 per cent, reflecting increases in major transfers to persons and other levels of government, offset in part by a decrease in direct program expenses. Public debt charges decreased by $0.4 billion, or 16.3 per cent, largely reflecting lower Consumer Price Index adjustments on Real Return Bonds.

April 2014 to February 2015: budgetary surplus of $5.9 billion

For the April to February period of the 2014–15 fiscal year, the Government posted a budgetary surplus of $5.9 billion, compared to a deficit of $4.8 billion reported for the same period of 2013–14. Revenues were up $7.1 billion, or 2.9 per cent, reflecting increases in most revenue streams. Program expenses were down $2.5 billion, or 1.1 per cent, reflecting a decrease in direct program expenses, offset in part by increases in major transfers to persons and other levels of government. Public debt charges were down $1.1 billion, or 4.3 per cent, largely reflecting a lower average effective interest rate on bonds.

February 2015

There was a budgetary surplus of $4.6 billion in February 2015, down $0.6 billion from the budgetary surplus reported for February 2014.

Revenues in February 2015 totalled $26.6 billion, down $0.6 billion, or 2.2 per cent, from February 2014.

- Personal income tax revenues were down $0.2 billion, or 2.1 per cent, reflecting timing issues which lowered the February 2015 results.
- Corporate income tax revenues were down $0.4 billion, or 5.9 per cent.
- Non-resident income tax revenues were up $12 million, or 2.5 per cent.
- Excise taxes and duties were down $0.2 billion, or 4.5 per cent. Goods and Services Tax (GST) revenues decreased by $0.2 billion, energy taxes increased by $4 million, customs import duties increased by $45 million, and other excise taxes and duties decreased by $26 million.
- Employment Insurance (EI) premium revenues were up $0.1 billion, or 4.7 per cent.
- Other revenues, consisting of net profits from enterprise Crown corporations, revenues of consolidated Crown corporations, revenues from sales of goods and services, returns on investments, net foreign exchange revenues and miscellaneous revenues, were up $0.1 billion, or 4.5 per cent.

Program expenses in February 2015 were $20.2 billion, up $0.3 billion, or 1.7 per cent, from February 2014.

- Major transfers to persons, consisting of elderly, EI and children's benefits, increased by $0.2 billion, or 2.7 per cent. Elderly benefits increased by $0.2 billion, or 6.0 per cent, due to growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. EI benefit payments increased by $5 million, or 0.3 per cent. Children's benefits, which consist of the Canada Child Tax Benefit and the Universal Child Care Benefit, decreased by $49 million, or 4.5 per cent.

- Major transfers to other levels of government consist of federal transfers in support of health and other social programs (primarily the Canada Health Transfer and the Canada Social Transfer), fiscal arrangements and other transfers (Equalization, transfers to the territories, as well as a number of smaller transfer programs), transfers to provinces on behalf of Canada's cities and communities, and the Quebec Abatement. Major transfers to other levels of government increased by $0.2 billion, or 4.7 per cent, reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.
- Direct program expenses include transfer payments to individuals and organizations not included in major transfers to persons and other levels of government, and other direct program expenses, which consist of operating expenses of National Defence, other departments and agencies, and expenses of Crown corporations. Direct program expenses were down $0.1 billion, or 0.6 per cent. Within direct program expenses:
  - Transfer payments increased by $18 million, or 0.7 per cent.
  - Other direct program expenses decreased by $0.1 billion, or 1.2 per cent.

Public debt charges decreased by $0.4 billion, or 16.3 per cent, largely reflecting lower Consumer Price Index adjustments on Real Return Bonds.

April 2014 to February 2015

For the April to February period of the 2014–15 fiscal year, there was a budgetary surplus of $5.9 billion, compared to a deficit of $4.8 billion reported during the same period of 2013–14.

Revenues increased by $7.1 billion, or 2.9 per cent, to $249.9 billion.

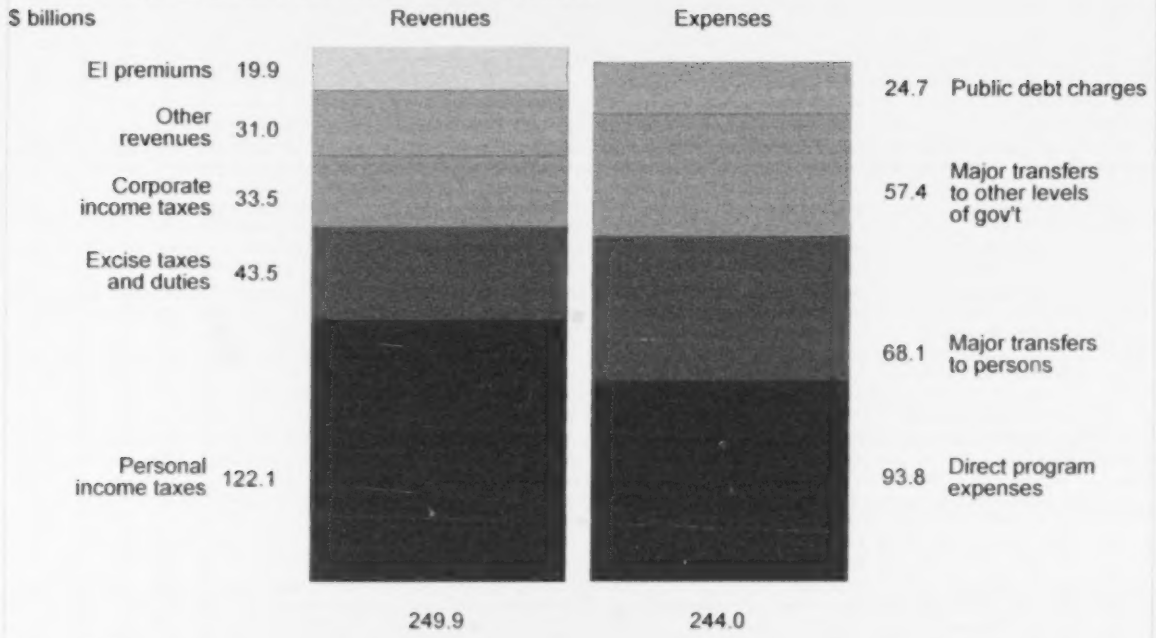
- Personal income tax revenues were up $2.6 billion, or 2.2 per cent.
- Corporate income tax revenues were up $1.8 billion, or 5.7 per cent.
- Non-resident income tax revenues were down $0.2 billion, or 3.9 per cent.
- Excise taxes and duties were up $1.3 billion, or 3.0 per cent. GST revenues increased by $0.5 billion, or 1.8 per cent, energy taxes by $0.1 billion, customs import duties by $0.3 billion, and other excise taxes and duties by $0.4 billion.
- EI premium revenues were up $0.8 billion, or 4.0 per cent, reflecting growth in earnings.
- Other revenues were up $0.9 billion, or 3.6 per cent.

Program expenses were $219.3 billion, down $2.5 billion, or 1.1 per cent, from the same period the previous year.

- Major transfers to persons were up $1.9 billion, or 2.9 per cent. Elderly benefits increased by $1.7 billion, or 4.5 per cent, reflecting growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. EI benefit payments increased by $0.4 billion, or 2.5 per cent, and children's benefits were down $0.2 billion, or 1.7 per cent.
- Major transfers to other levels of government were up $2.1 billion, or 3.9 per cent, largely reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.
- Direct program expenses were down $6.5 billion, or 6.5 per cent. Within direct program expenses:
  - Transfer payments decreased by $3.5 billion, or 11.0 per cent, largely reflecting the one-time accrual in 2013–14 of a liability for disaster assistance related to the 2013 flood in Alberta. The decrease in transfer payments also reflects a decrease in expenses associated with the revaluation of the Government's liability to Ontario for the province's one-third participation in the value of the Government's equity holdings in General Motors.
  - Other direct program expenses decreased by $3.0 billion, or 4.4 per cent, due in large part to a decrease in pension and benefit costs based on the Government's latest actuarial valuations.

Public debt charges decreased by $1.1 billion, or 4.3 per cent, largely reflecting a lower average effective interest rate on bonds.

Revenues and expenses (April 2014 to February 2015)



Note: Totals may not add due to rounding.

Financial requirement of $3.8 billion for April 2014 to February 2015

The budgetary balance is presented on an accrual basis of accounting, recording government revenues and expenses when they are earned or incurred, regardless of when the cash is received or paid. In contrast, the financial source/requirement measures the difference between cash coming in to the Government and cash going out. This measure is affected not only by changes in the budgetary balance but also by the cash source/requirement resulting from the Government's investing activities through its acquisition of capital assets and its loans, financial investments and advances, as well as from other activities, including payment of accounts payable and collection of accounts receivable, foreign exchange activities, and the amortization of its tangible capital assets. The difference between the budgetary balance and financial source/requirement is recorded in non-budgetary transactions.

With a budgetary surplus of $5.9 billion and a financial requirement of $9.7 billion from non-budgetary transactions, there was a financial requirement of $3.8 billion for the April 2014 to February 2015 period, compared to a financial source of $8.6 billion for the same period the previous year.

Net financing activities up $6.1 billion

The Government financed its financial requirement of $3.8 billion and increased cash balances by $2.3 billion by increasing unmatured debt by $6.1 billion. The increase in unmatured debt was achieved primarily through the issuance of marketable bonds.

The level of cash balances varies from month to month based on a number of factors including periodic large debt maturities, which can be quite volatile on a monthly basis. Cash balances at the end of February 2015 stood at $28.4 billion, down $1.9 billion from their level at the end of February 2014.

Table 1
Summary statement of transactions
$ millions

	February		April to February	
	2014[1]	2015	2013–14[1]	2014–15
Budgetary transactions				
Revenues	27,231	26,641	242,817	249,923
Expenses				
Program expenses	-19,876	-20,214	-221,756	-219,273
Public debt charges	-2,151	-1,801	-25,823	-24,715
Budgetary balance (deficit/surplus)	5,204	4,626	-4,762	5,935
Non-budgetary transactions	-567	-2,351	13,408	-9,733
Financial source/requirement	4,637	2,275	8,646	-3,798
Net change in financing activities	-6,397	-10,651	-2,718	6,117
Net change in cash balances	-1,760	-8,376	5,928	2,319
Cash balance at end of period			30,242	28,391

Note: Positive numbers indicate a net source of funds. Negative numbers indicate a net requirement for funds.

[1] Certain comparative figures have been restated to reflect a change in the Government's accounting policy for bond buyback operations as reported in the *Annual Financial Report of the Government of Canada* for 2013–14.

Table 2
Revenues

	February			April to February		
	2014 ($ millions)	2015 ($ millions)	Change (%)	2013–14 ($ millions)	2014–15 ($ millions)	Change (%)
Tax revenues						
Income taxes						
Personal income tax	11,635	11,393	-2.1	119,440	122,051	2.2
Corporate income tax	6,945	6,533	-5.9	31,673	33,482	5.7
Non-resident income tax	487	499	2.5	5,941	5,712	-3.9
Total income tax	19,067	18,425	-3.4	157,054	161,245	2.7
Excise taxes and duties						
Goods and Services Tax	2,351	2,168	-7.8	28,389	28,912	1.8
Energy taxes	457	461	0.9	4,993	5,072	1.6
Customs import duties	345	390	13.0	3,900	4,165	6.8
Other excise taxes and duties	409	383	-6.4	4,907	5,316	8.3
Total excise taxes and duties	3,562	3,402	-4.5	42,189	43,465	3.0
Total tax revenues	22,629	21,827	-3.5	199,243	204,710	2.7
Employment Insurance premiums	2,594	2,715	4.7	19,173	19,935	4.0
Other revenues	2,008	2,099	4.5	24,401	25,278	3.6
Total revenues	27,231	26,641	-2.2	242,817	249,923	2.9

Note: Totals may not add due to rounding.

Table 3
Expenses

	February			April to February		
	2014 ($ millions)	2015 ($ millions)	Change (%)	2013–14 ($ millions)	2014–15 ($ millions)	Change (%)
Major transfers to persons						
Elderly benefits	3,533	3,745	6.0	38,271	39,977	4.5
Employment Insurance benefits	1,685	1,690	0.3	15,858	16,255	2.5
Children's benefits	1,092	1,043	-4.5	12,073	11,864	-1.7
Total	6,310	6,478	2.7	66,202	68,096	2.9
Major transfers to other levels of government						
Support for health and other social programs						
Canada Health Transfer	2,545	2,676	5.1	27,999	29,438	5.1
Canada Social Transfer	1,018	1,048	2.9	11,197	11,533	3.0
Total	3,563	3,724	4.5	39,196	40,971	4.5
Fiscal arrangements and other transfers	1,565	1,625	3.8	17,917	18,547	3.5
Canada's cities and communities	29	26	-10.3	1,997	1,958	-2.0
Quebec Abatement	-348	-340	-2.3	-3,866	-4,098	6.0
Total	4,809	5,035	4.7	55,244	57,378	3.9
Direct program expenses						
Transfer payments						
Aboriginal Affairs and Northern Development	392	526	34.2	5,109	5,492	7.5
Agriculture and Agri-Food	274	109	-60.2	1,222	873	-28.6

Employment and Social Development	474	410	-13.5	5,271	5,168	-2.0
Foreign Affairs, Trade and Development	314	427	36.0	2,549	2,393	-6.1
Health	101	100	-1.0	2,490	2,630	5.6
Industry	194	170	-12.4	2,221	1,985	-10.6
Other	788	813	3.2	13,300	10,082	-24.2
Total	2,537	2,555	0.7	32,162	28,623	-11.0
Other direct program expenses						
Crown corporations	579	811	40.1	6,813	6,923	1.6
National Defence	1,761	1,752	-0.5	18,575	18,378	-1.1
All other departments and agencies	3,880	3,583	-7.7	42,760	39,875	-6.7
Total other direct program expenses	6,220	6,146	-1.2	68,148	65,176	-4.4
Total direct program expenses	8,757	8,701	-0.6	100,310	93,799	-6.5
Total program expenses	19,876	20,214	1.7	221,756	219,273	-1.1
Public debt charges[1]	2,151	1,801	-16.3	25,823	24,715	-4.3
Total expenses	22,027	22,015	-0.1	247,579	243,988	-1.5

Note: Totals may not add due to rounding.

[1] Comparative figures have been restated to reflect a change in the Government's accounting policy for bond buyback operations as reported in the *Annual Financial Report of the Government of Canada* for 2013–14.

Table 4
The budgetary balance and financial source/requirement
$ millions

	February		April to February	
	2014	**2015**	**2013–14**	**2014–15**
Budgetary balance (deficit/surplus)	5,204	4,626	-4,762	5,935
Non-budgetary transactions				
Capital investment activities	-248	-636	-3,652	-3,549
Other investing activities	7,686	-67	36,809	3,101
Pension and other accounts	379	358	4,758	2,104
Other activities				
Accounts payable, receivables, accruals and allowances	-4,289	-3,286	-13,759	-6,917
Foreign exchange activities	-4,372	936	-14,157	-7,884
Amortization of tangible capital assets	277	344	3,409	3,412
Total other activities	-8,384	-2,006	-24,507	-11,389
Total non-budgetary transactions	-567	2,351	13,408	-9,733
Financial source/requirement	4,637	2,275	8,646	-3,798

Note: Totals may not add due to rounding.

Table 5
Financial source/requirement and net financing activities
$ millions

	February		April to February	
	2014	2015	2013–14	2014–15
Financial source/requirement	4,637	2,275	8,646	-3,798
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	-3,209	-5,903	13,137	10,098
Treasury bills	-7,100	-3,500	-25,900	-7,800
Retail debt	-60	-32	-1,136	-662
Other	0	0	0	0
Total	-10,369	-9,435	-13,899	1,636
Foreign currency borrowings	3,752	-483	5,469	-316
Total	-6,617	-9,918	-8,430	1,320
Cross-currency swap revaluation	49	-1,131	5,725	4,218
Unamortized discounts and premiums on market debt[1]	164	409	19	943
Obligations related to capital leases and other unmatured debt	7	-11	-32	-364
Net change in financing activities	-6,397	-10,651	-2,718	6,117
Change in cash balance	-1,760	-8,376	5,928	2,319

Note: Totals may not add due to rounding.

[1] Comparative figures have been restated to reflect a change in the Government's accounting policy for bond buyback operations as reported in the *Annual Financial Report of the Government of Canada* for 2013–14.

Table 6
Condensed statement of assets and liabilities
$ millions

	March 31, 2014	February 28, 2015	Change
Liabilities			
Accounts payable and accrued liabilities	111,421	117,840	6,419
Interest-bearing debt			
Unmatured debt			
Payable in Canadian currency			
Marketable bonds	473,319	483,417	10,098
Treasury bills	152,990	145,190	-7,800
Retail debt	6,327	5,665	-662
Subtotal	632,636	634,272	1,636
Payable in foreign currencies	16,030	15,714	-316
Cross-currency swap revaluation	2,326	6,544	4,218
Unamortized discounts and premiums on market debt	3,184	4,127	943
Obligations related to capital leases and other unmatured debt	4,782	4,418	-364
Total unmatured debt	658,958	665,075	6,117
Pension and other liabilities			
Public sector pensions	153,083	152,722	-361
Other employee and veteran future benefits	71,409	73,744	2,335
Other liabilities	5,914	6,044	130
Total pension and other liabilities	230,406	232,510	2,104

Total interest-bearing debt	889,364	897,585	8,221
Total liabilities	1,000,785	1,015,425	14,640
Financial assets			
Cash and accounts receivable	128,574	144,229	15,655
Foreign exchange accounts	72,262	80,146	7,884
Loans, investments, and advances (net of allowances)[1]	117,635	112,362	-5,273
Total financial assets	318,471	336,737	18,266
Net debt	682,314	678,688	-3,626
Non-financial assets	70,433	70,570	137
Federal debt (accumulated deficit)	611,881	608,118	-3,763

Note: Totals may not add due to rounding.

[1] February 28, 2015 amount includes $2.2 billion in other comprehensive losses from enterprise Crown corporations and other government business enterprises for the April 2014 to February 2015 period.

Note: Unless otherwise noted, changes in financial results are presented on a year-over-year basis.

For inquiries about this publication, contact Glenn Purves at 613-369-5655.

April 2015

© Her Majesty the Queen in Right of Canada (2015)

All rights reserved

All requests for permission to reproduce this document or any part thereof shall be addressed to the Department of Finance Canada.

Cette publication est également disponible en français.

Cat. No.: F12-4E-PDF
ISSN: 1487-0134